



Utah Counties Insurance Pool

AGENDA

BOARD OF TRUSTEES MEETING

Thursday, October 20, 2005, 12:00 p.m.
UCIP Building, 5397 South Vine Street, Salt Lake City, UT

12:00 Lunch Provided

Call to Order Dan McConkie

Review of Board Members Absent Dan McConkie

Approval of September 23 and October 7 Meeting Minutes Dan McConkie

ITEM INFORMATION

1 Loss Control Manager's Report Mark Brady

2 Chief Executive Officer's Report
-Schedule Coverage Agreement Committee Meeting Lester Nixon

3 Public Employees Health Program Proposed Contract
Steve Baker
Lester Nixon

ACTION

4 Approve Public Employees Health Program Contract Steve Baker

5 Approve UCIP Participation in the Settlement Agreement Between
Arthur J. Gallagher and the State of Illinois Division of Insurance and
Authorize the CEO to Execute the Release Dan McConkie

6 Approve Joint Policy Board Travel & Expense Reimbursement Lester Nixon

7 Building Options Kent Sundberg

8 Set Date and Time for Closed Meeting
to Discuss Pending or Reasonably Imminent Litigation

9 Action on Litigation Matters Kent Sundberg

10 Set Date and Time for Closed Meeting
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual

11 Ratification and Approval of Payments and Credit Card Transactions Lynn Lemon

Other Business



Utah Counties Insurance Pool
Serving Counties Since 1992

BOARD OF TRUSTEES MEETING

MINUTES

October 20, 2005, 12:00 p.m.
Utah Counties Insurance Pool Building, Salt Lake City

BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner
Lynn Lemon, *Vice President*, Cache County Executive
Steve Baker, Davis County Personnel Director
Ken Bischoff, Weber County Commissioner
Kay Blackwell, Piute County Commissioner
Ira Hatch, Emery County Commissioner
Jerry Grover, Utah County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

BOARD MEMBERS ABSENT

Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner
Jim Eardley, Washington County Commissioner

OTHERS PRESENT

Lester Nixon, Chief Executive Officer
Mark Brady, Loss Control Manager
Sonya White, Manager of Administration
Korby Siggard, Claims Manager
Trudy Stauffer, Alternative Service Concepts Claims Adjuster

Call to Order

After lunch, Dan McConkie called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 12:30 p.m. on October 20, 2005 and welcomed those in attendance.

Review of Board Members Absent

Gene Roundy requested to be excused from this meeting due to a family commitment. Jim Eardley requested to be excused from this meeting due to a prior meeting commitment. Lynn Lemon made a motion to excuse Gene Roundy and Jim Eardley from this meeting. Ed Phillips seconded the motion, which passed unanimously.

Approval of September 23 and October 7 Meeting Minutes

The minutes of the Board of Trustees meeting held September 23, 2005 and the telephonic conference held October 7, 2005 were previously sent to the Board of Trustees for review. Steve Wall made a motion to approve the September 23 and the October 7 meeting minutes as written. Steve Baker seconded the motion, which passed unanimously.

Loss Control Manager's Report

Mark Brady reported that he is conducting the risk management program reviews with each county. The member counties are doing very well in complying with the multiline risk management program but not very well with the workers' compensation loss control program.

The Utah Counties Insurance Pool's intentions are to expand the duties of and the number of members on the Personnel Committee to involve each county. The Committee met this morning and the meeting was well attended.

Chief Executive Officer's Report

Lester Nixon announced that Kent Sundberg will be participating in a panel discussion on "Hiring and Evaluating the Pool Executive" at the Association of Governmental Risk Pools (AGRIP) Governance Conference scheduled for November 14-16 in San Antonio, Texas.

Lester provided the Board with an article from National Underwriter titled: *Standard & Poor's Property-Casualty Market Rate Stabilization* that reports rates are stable but increases are expected soon (see attachment #1).

Lester reported that the Litigation Management Committee met on October 19 and that imminent litigation will be reported to the Board in closed session.

Lester provided the Board with a workers' compensation claims spreadsheet showing the 2005 claims open/closed counts, total paid/reserved/incurred and loss ratio as of September 30. All years (2004 and 2005) as of September 30 claims counts, total incurred amounts and the all-years loss ratio were also charted for the Board (see attachment #2). Gross development through the first nine months of 2005 is \$1,265,559 of which \$822,518 is reserved for the fire chief death in Juab County. Utah Counties Insurance Pool's exposure for the Juab County death is \$300,000. Excluding this loss, the 2005 experience continues to be good with the Pool's loss ratio at 45%.

Lester provided the Board with a multiline claims spreadsheet showing the 2005 claims open/closed counts, total paid/reserved/incurred and loss ratio as of September 30. All years (1992 through 2005) as of September 30 claims counts, total incurred amounts and the all-years loss ratio were also charted for the Board (see attachment #3). Two property shock losses, one in Box Elder County and one in Tooele County, have occurred in 2005. A reinsurance recoverable of \$376,416 will decrease the total incurred amount of \$630,060 listed for Box Elder County. The Tooele County loss has been settled for \$225,000. The nine month loss ratio for 2005 is at 59% using premiums earned through September 30.

Lester reviewed the third quarter financial statements with the Board (see attachment #4). Significant changes to assets on the Balance Sheet are: 1) a decrease in the Public Treasurers Investment Fund due to monies transferred to UBS Financial Services to invest at a higher rate of return; 2) equity in County Reinsurance Limited increased to \$284,000; 3) unrestricted investment increased due to the deposit into UBS; and 4) capital increased due to equipment purchases. Change in liabilities on the Balance Sheet is the increase in reserves of \$200,000. The Budget to Actual Comparison for the Multiline and Worker's Comp Pools are on track with the year 75% complete. The Budget to Actual Comparison for the Administration of the Pools shows 71% of the budget used with the year 75% complete. Expenses exceeding 75% that will require attention are: consulting fees, copying costs, dues and subscriptions, professional fees, staff medical and staff payroll. Medical and payroll are up due to the addition of one staff person. Professional fees include temporary help and attorneys fees. Consulting fees include \$40,000 for the fee paid to Marsh/Mercer for the Benefits Pool. Lester is working with the auditors to carry the additional fees associated with the Benefits Pool as a receivable in order for the Multiline Pool to be reimbursed.

Public Employees Health Program Proposed Contract

Lester Nixon reported that he and Steve Baker met with Linn Baker and Jeff Jensen of the Public Employees Health Program (PEHP) to negotiate the creation of a Counties Risk Pool to be separately rated in PEHP. A contract is being drafted and due to be delivered to Lester by Friday, October 28. In order for PEHP to allow counties into their own pool, and to be administered by Utah Counties Insurance Pool (UCIP), a letter electing to discontinue participation in the program administered by Utah Local Governments Trust (ULGT) must be signed and mailed to Linn Baker. Plans available to counties through PEHP are all the medical and dental plans currently offered to its participants except for the Preferred Option 1 plan. This arrangement will allow UCIP to build member participation in the Benefits Pool over the next two years; working towards a self-funded program. Counties will benefit from reduced administrative costs, local control, education and usage report access.

Approve Public Employees Health Program Contract

Ira Hatch made a motion authorizing Lester Nixon to enter into a contract between Public Employees Health Program and Utah Counties Insurance Pool to provide administrative services for the Counties Risk Pool and to be ratified by the Board of Trustees at its next meeting. Steve Baker seconded the motion, which passed unanimously.

Approve Participation in the Arthur J. Gallagher Settlement Agreement

Lester Nixon reported that Arthur J. Gallagher & Co. has entered into an agreement with the Attorney General of the State of Illinois to settle issues related to the issuance of contingent commissions (see attachment #5). Gallagher has agreed to pay back \$26.9 million. Gallagher collected contingent commissions from St. Paul (Utah Counties Insurance Pool's property reinsurer) for the 2003 and 2004 policy years. UCIP will receive \$8,140.87 if the General Release between UCIP and Arthur J. Gallagher & Co. is executed. Lester recommended that the Board authorize the execution of the agreement for the reason that the settlement is fair and it would not be worth the effort to file suit individually. Jerry Grover made a motion authorizing Lester Nixon to execute the General Release between Utah Counties Insurance Pool and Arthur J. Gallagher & Co. Ken Bischoff seconded the motion, which passed unanimously.

Approve Amended Joint Policy Board Travel Expenses

As directed by the Board of Trustees at its August meeting, Lester Nixon presented draft amendments to the Board Travel Expenses Policy. Proposed added language reads: *Trustees who miss more than one-third of a meeting or retreat must be excused by the Board of Trustees in order to be reimbursed for expenses. From time to time, UCIP may schedule Board of Trustees meetings to coincide with other meetings at which some or all Trustees may be in attendance, and other organizations may take advantage of UCIP scheduled meetings. In the first instance, if Trustees receive expense reimbursement from the original scheduler or from their county, UCIP would be billed only for incidentals incurred for the UCIP meeting. In the second instance, UCIP would reimburse in the manner stated in this policy.* Lynn Lemon suggested that all Trustees should be treated equally in that all expenses should be reimbursed if submitted, even if other meetings have been scheduled by other organizations. Dan McConkie asked the Trustees to consider these amendments and offer suggested language to address these issues in the policy at the next meeting.

Building Options

Kent Sundberg reported that the Building Committee has received no response from the Utah Association of Counties (UAC) in regards to the options provided to the Executive Committee in April 2005. Dan McConkie explained that Camille Cain, President of UAC, has pledged to have the Building Agreement finalized before she leaves the office of President in November [this was also the goal of Past President, LaMar Guymon]. Camille Moore is the incoming President and has also expressed to Dan her commitment. Lester Nixon reported that he has been told that an appraisal of the building has been completed but he has not been given a copy. Kent explained that staff received the second quarter billing from UAC on September 23 that included the annual principal payment and part of the annual interest payment on the building. The concern is that this matter is taking too long to resolve. Lester explained that UCIP continues to pay its portion of the bond payment but does not have recognition of ownership in the building. Equity in the building needs to be recognized so it can be counted as an asset on UCIP's balance sheet. Lynn Lemon asked if it would help to hold the payment until this matter is resolved. The goal of the Board of Trustees in its Planning Document is to have the permanent location of UCIP determined by November 1. Ed Phillips made a motion to withhold the building principal and interest payment from the UAC second quarter billing until a building agreement between UAC and UCIP is finalized. Kent Sundberg seconded the motion which was opened to discussion. Lynn Lemon made an amendment to the motion to deliver the principal and interest payment with a letter explaining that no further payments will be made until a signed agreement is in place. Kay Blackwell seconded the motion. Ed Phillips would not accept the amendment to his motion. Dan called for a vote and the initial motion failed 3-7. Lynn Lemon made a motion to deliver the principal and interest payment with a letter signed by Dan McConkie explaining that no further payments will be made until a signed agreement is in place. Steve Baker seconded the motion which passed 7-3 (Jerry Grover, Ed Phillips and Kent Sundberg opposed). Dan directed Ken Bischoff to set-up a meeting with Camille Cain and the UAC Executive Committee to meet with himself and the following Trustees Dan assigned: Lynn Lemon, Ed Phillips, Gene Roundy and Kent Sundberg to finalize a building agreement.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for October 20, 2005 at 1:18 p.m. Steve Wall seconded the motion, which passed unanimously.

Ira Hatch made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on April 27, 2005 at 1:45 p.m. Lynn Lemon seconded the motion, which passed unanimously.

Action on Litigation Matters

Kent Sundberg made a motion to strike agenda item: *Action on Litigation Matters*. Jerry Grover seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to strike agenda item: *Set Date and Time for Closed Meeting to discuss the character, professional competence, physical/mental health of an individual*. Jerry Grover seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Lynn Lemon reviewed the payments made, payments to be made (see attachment #7) and credit card transactions with the Board. Lynn Lemon made a motion to approve the payments made, payments to be made and credit card transactions. Ed Phillips seconded the motion, which passed unanimously.

Other Business

The next meeting of the Board of Trustees is scheduled for November 10 at 7:00 p.m. at the Painted Pony restaurant in St. George.

Approved on this 10 day of November 2005



Gene Roundy, UCIP Secretary-Treasurer

CEO REPORT

Report Date: October 20, 2005

Period covered by report: from September 23 to October 20, 2005

BOARD INFORMATION ITEMS

1. The Governance Meeting of AGRIP is scheduled for November 14-16 in San Antonio, TX. Kent Sundberg will be participating in a panel discussion on "Hiring and Evaluating the Pool Executive".
2. Attached is a current article from National Underwriter. The article essentially reports that any price decreases are over, rates are stable, expect increases soon.

COMMITTEE MEETINGS

1. Litigation Management Committee met on October 19.

CLAIMS

1. Workers' Compensation claims report is attached. Page one summarizes all claims for 2005 to date. Page two has all claims for all years. Gross claims development through the first nine months of 2005 is \$1,178,984, of which \$821,003 is for the fire chief killed in Juab County. UCIP's exposure is \$300,000 of the \$821,000. Excluding this loss, the 2005 experience continues to be good. Total incurred, less the \$519,902 reserved to the reinsurer, is \$745,657, which puts the loss ratio at 66%.

We will have a review of large claims in the closed session.

2. Multiline claims report is attached. In the current year we have two property shock losses, one in Box Elder and one in Tooele. The claims amount shown in Box Elder is before reinsurance recoverable of \$376,416. The Tooele property loss has been settled for \$225,000.

In the current multiline accident year, we have incurred losses of \$1,768,263 less the recoverable of \$376,416, making net incurred to UCIP of \$1,391,487 through the first nine months of the year. On an annual net premium of \$3,140,000, of which \$2,354,999 would have been earned through September 30, the loss ratio is 59%.

We will have a review of large claims in the closed session.

FINANCIAL STATEMENT

This is the report for the third quarter of 2005.

- **Balance Sheet** – significant changes are
 - **Assets**
 - PTIF decrease to \$69,236 due to increased investment with UBS
 - CRL equity has increased to \$284,000
 - Unrestricted investments increased due to UBS deposits
 - UCIP capital has increased due to equipment purchases
 - **Liabilities**
 - Reserve increased almost \$200,000
- **Budget to Actual Comparison-Multiline**
 - Revenues and expenses are on track
- **Budget to Actual Comparison-Workers' Compensation**
 - Revenues and expenses are on track
- **Budget to Actual Comparison-Administration**
 - At 75% of the year, we have used 70.75% of the administration budget
 - Costs above 75% that require attention are consulting fees, copying costs, dues and subscriptions, professional fees, staff medical and staff payroll. Medical and payroll are up due to the addition of one staff person. Professional fees reflect temporary help, and attorney fees for recovery of reinsurance. Consulting fees reflect \$40,000 of the fee paid to Mercer.

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Charter Sponsors**Breaking News****S&P Sees P-C Market
Rate Stabilization**

BY MARK E. RUQUET

NU Online News Service, Oct. 17, 4:30 p.m. EDT

A Standard & Poor's report said the property-casualty market is seeing increased pricing stabilization, in part due to insurers' recent hurricane losses, with fewer companies getting downgrades than in the past.

The New York-based rating service released a report Friday that said the recent catastrophes are helping to stabilize the p-c market, as the softening price trend appears to be less strong than originally feared through the third quarter. The report said the outlook for both personal and commercial lines is stable.

However, S&P has placed three personal lines companies—State Farm, Allstate and Allmerica—on Credit Watch with negative implications because of their exposure to hurricane loss. It also noted there are a number of pressures on the personal lines sector that could affect profits.

The report said 10 percent of registered vehicles in Louisiana and Mississippi were lost to the hurricane or flooding, amounting to \$1 billion in losses. While companies will look to increase premiums, regulators may hold down the rate of increase, according to S&P.

State Farm was singled out in the report as having the most exposure of any carrier, on the personal lines side, because it writes one-third of the market in the affected states and has not purchased reinsurance.

There is still a lot of uncertainty in the commercial and specialty sector, which is expected to see significant business interruption losses.

S&P said adjusters have still not reached many severely affected areas, and there is concern that both politicians and plaintiff attorneys could seek ways to extend coverage

on small to midsize businesses. However, S&P said losses from this sector are expected to only affect two quarters of earnings.

Pricing trends on commercial insurance have remained soft, but there are indications of stabilization, the analysts said.

The reinsurance outlook was changed from negative to stable, meaning a modest number of downgrades are expected, primarily from the impact of Hurricanes Katrina and Rita.

Ability to raise capital, questions over modeling, and affordability of retrocession coverage for the rest of the year have raised concerns, S&P said. The company also questioned how the growing severity of such storms will impact the segment.

However, the concerns are offset by the onset of a hard market, which S&P said the storms will precipitate and which will induce strong underwriting performance in 2006 and 2007.

In the insurance brokerage business, S&P said it has resolved ratings of four brokers to negative, as it appears the investigations into brokers bid-rigging in exchange for hidden contingent fees are winding down.

Among them, Marsh & McLennan has a "triple-B-negative-A-2" rating, Aon a "triple-B-plus-stable-A-2" rating, and Willis a "triple-B-minus-stable-minus" rating.

A chart comparing ratings upgrades against downgrades indicated that after a steady increase in downgrade action from 1999 to 2002, 2003 and 2004 saw decreases in the overall number of actions.

The report also examined the life and health insurance industry.

UTAH COUNTIES INSURANCE POOL
Workers' Compensation Report
This Year as of 9/30/05

COUNTY	PREMIUM 2005	NUMBER of CLAIMS YTD				TOTAL PAID	TOTAL RESERVES	TOTAL INCURRED	LOSS RATIO
		Medical Only		Indemnity					
		Open	Closed	Open	Closed				
Cache	\$96,747	10	13	1	0	\$11,121	\$27,788	\$38,909	40.22%
Carbon	\$90,781	5	8	0	0	\$2,826	\$2,997	\$5,822	6.41%
Daggett	\$23,010	0	1	0	0	\$575	\$0	\$575	2.50%
Duchesne	\$49,837	0	2	0	0	\$205	\$0	\$205	0.41%
Emery	\$49,785	0	5	0	0	\$6,582	\$0	\$6,582	13.22%
Garfield	\$27,654	1	2	0	1	\$7,818	\$1,500	\$9,318	33.69%
Grand	\$34,619	1	4	1	0	\$22,444	\$11,421	\$33,865	97.82%
Iron	\$74,232	2	16	0	0	\$2,874	\$200	\$3,074	4.14%
Juab	\$22,338	1	0	2	0	\$1,116	\$821,402	\$822,518	3682.15%
Kane	\$26,694	0	5	0	1	\$3,989	\$0	\$3,989	14.94%
Millard	\$79,191	4	13	0	0	\$7,070	\$4,669	\$11,739	14.82%
Morgan	\$19,479	1	0	1	0	\$28,284	\$17,494	\$45,778	235.01%
Piute	\$5,678	0	0	0	0	\$0	\$0	\$0	0.00%
Rich	\$9,129	3	0	0	0	\$0	\$4,500	\$4,500	49.29%
San Juan	\$49,540	4	5	1	1	\$2,039	\$6,603	\$8,642	17.44%
Sanpete	\$21,183	1	0	0	0	\$0	\$500	\$500	2.36%
Sevier	\$24,491	5	3	0	1	\$990	\$10,000	\$10,990	44.87%
Summit	\$83,243	4	11	0	0	\$3,766	\$3,581	\$7,347	8.83%
Tooele	\$97,983	2	13	5	0	\$24,742	\$29,408	\$54,150	55.26%
Uintah	\$93,978	6	8	0	0	\$11,206	\$9,669	\$20,875	22.21%
Utah	\$187,031	12	25	5	0	\$18,500	\$47,495	\$65,995	35.29%
Wasatch	\$83,715	2	3	0	0	\$338	\$1,200	\$1,538	1.84%
Wayne	\$5,719	0	0	0	0	\$0	\$0	\$0	0.00%
Weber	\$370,776	11	33	4	1	\$65,813	\$34,537	\$100,350	27.06%
Wasatch MH	\$24,078	4	0	0	0	\$0	\$8,300	\$8,300	34.47%
TOTALS	\$1,650,911	79	170	20	5	\$222,297	\$1,043,262	\$1,265,559	76.66%

UTAH COUNTIES INSURANCE POOL
Workers' Compensation Report
All Years as of 9/30/05

COUNTY	EFFECTIVE DATE	PREMIUMS		NUMBER of CLAIMS				TOTAL INCURRED		LOSS RATIO
		2004	2005	Medical Only		Indemnity		2004	2005	
				Open	Closed	Open	Closed		as of 9/30/05	
Cache	7/1/2004	\$34,560	\$96,747	12	30	1	1	\$31,810	\$38,909	53.86%
Carbon	1/1/2004	\$90,781	\$90,781	5	25	2	2	\$123,025	\$5,822	70.97%
Daggett	1/1/2004	\$13,232	\$23,010	0	5	0	0	\$436	\$575	2.79%
Duchesne	1/1/2004	\$35,820	\$49,837	0	9	0	1	\$18,233	\$205	21.53%
Emery	1/1/2004	\$49,785	\$49,785	0	11	2	1	\$63,217	\$6,582	70.10%
Garfield	1/1/2004	\$22,047	\$27,654	1	8	0	1	\$3,691	\$9,318	26.18%
Grand	1/1/2004	\$25,504	\$34,619	1	12	1	0	\$2,485	\$33,865	60.46%
Iron	1/1/2004	\$62,704	\$74,232	2	37	1	2	\$27,835	\$3,074	22.57%
Juab	1/1/2004	\$23,557	\$22,338	1	5	2	0	\$4,035	\$822,518	1800.97%
Kane	1/1/2004	\$10,547	\$26,694	0	7	0	1	\$711	\$3,989	12.62%
Millard	1/1/2004	\$54,271	\$79,191	5	25	0	1	\$15,786	\$11,739	20.62%
Morgan	1/1/2004	\$14,966	\$19,479	2	2	1	0	\$2,765	\$45,778	140.93%
Piute	2/1/2004	\$3,800	\$5,678	0	0	0	0	\$0	\$0	0.00%
Rich	2/1/2004	\$4,085	\$9,129	3	0	0	1	\$15,210	\$4,500	149.16%
San Juan	1/1/2004	\$26,820	\$49,540	5	21	1	5	\$31,571	\$8,642	52.66%
Sanpete	1/1/2004	\$21,096	\$21,183	1	3	1	0	\$44,310	\$500	105.99%
Sevier	1/1/2004	\$21,791	\$24,491	5	18	0	4	\$30,901	\$10,990	90.51%
Summit	1/1/2005	\$0	\$83,243	4	11	0	0	\$0	\$7,347	8.83%
Tooele	1/1/2005	\$0	\$97,983	2	13	5	0	\$0	\$54,150	55.26%
Uintah	1/1/2004	\$80,020	\$93,978	6	35	1	1	\$45,322	\$20,875	38.04%
Utah	4/1/2004	\$126,850	\$187,031	12	81	6	4	\$81,014	\$65,995	46.84%
Wasatch	1/1/2005	\$0	\$83,715	2	3	0	0	\$0	\$1,538	1.84%
Wayne	1/1/2004	\$5,719	\$5,719	0	1	0	0	\$140	\$0	1.22%
Weber	6/1/2004	\$178,296	\$370,776	12	77	4	1	\$19,761	\$100,350	21.88%
Wasatch MH	7/1/2005	\$0	\$24,078	4	0	0	0	\$0	\$8,300	34.47%
TOTALS		\$906,251	\$1,650,911	85	439	28	26	\$562,259	\$1,265,561	71.48%

UTAH COUNTIES INSURANCE POOL
Multiline Claims Report
YTD as of 9/30/05

COUNTY	PREMIUM	NUMBER of CLAIMS YTD		TOTAL PAID	TOTAL RESERVES	TOTAL INCURRED	LOSS RATIO
		Open	Closed				
Beaver	\$60,785	1	3	\$3,153	\$30,000	\$33,153	54.54%
Box Elder	\$164,995	2	7	\$549,035	\$81,026	\$630,060	381.87%
Cache	\$198,563	5	7	\$51,762	\$41,946	\$93,708	47.19%
Carbon	\$137,757	2	2	\$6,144	\$7,000	\$13,144	9.54%
Daggett	\$40,545	1	2	\$35,197	\$1,500	\$36,697	90.51%
Davis	\$367,700	5	18	\$32,154	\$13,886	\$46,040	12.52%
Duchesne	\$119,255	0	3	\$30,695	\$0	\$30,695	25.74%
Emery	\$158,062	2	2	\$3,333	\$5,406	\$8,739	5.53%
Garfield	\$59,922	1	6	\$9,763	\$406	\$10,168	16.97%
Grand	\$91,290	0	1	\$2,419	\$0	\$2,419	2.65%
Iron	\$153,363	1	4	\$1,659	\$41	\$1,700	1.11%
Juab	\$107,247	1	2	\$4,095	\$4,500	\$8,595	8.01%
Kane	\$74,072	1	3	\$500	\$1,500	\$2,000	2.70%
Millard	\$138,163	1	4	\$9,049	\$6,562	\$15,611	11.30%
Morgan	\$48,361	1	1	\$219	\$2,000	\$2,219	4.59%
Piute	\$22,232	0	0	\$0	\$0	\$0	0.00%
Rich	\$44,226	0	0	\$0	\$0	\$0	0.00%
San Juan	\$149,487	3	2	\$1,784	\$10,300	\$12,084	8.08%
Sanpete	\$61,977	2	5	\$1,145	\$21,000	\$22,145	35.73%
Sevier	\$83,927	4	3	\$546	\$43,000	\$43,546	51.89%
Tooele	\$182,679	4	10	\$239,904	\$2,941	\$242,846	132.94%
Uintah	\$187,388	3	11	\$44,094	\$16,875	\$60,969	32.54%
Utah	\$442,324	11	28	\$120,162	\$190,201	\$310,364	70.17%
Wasatch	\$197,895	2	1	\$17,321	\$16,514	\$33,835	17.10%
Washington	\$230,845	3	12	\$10,902	\$21,144	\$32,046	13.88%
Wayne	\$40,409	1	0	\$0	\$300	\$300	0.74%
Weber	\$518,721	8	25	\$23,570	\$33,342	\$56,912	10.97%
Tri-County	\$8,500	0	1	\$16,164	\$0	\$16,164	190.16%
Weber-Morgan	\$14,810	0	1	\$2,106	\$0	\$2,106	14.22%
TOTALS	\$4,105,500	65	164	\$1,216,873	\$551,390	\$1,768,263	43.07%

UTAH COUNTIES INSURANCE POOL

Multiline Claims Report

All Years as of 9/30/05

Number of Claims		Total Incurred														
Open	Closed	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total
Beaver	2	75	1,454	2,972	7,397	7,953	30,644	15,356	11,783	28,952	10,862	26,351	5,863	26,534	3,153	186,257
Box Elder	6	231	7,960	153,460	53,712	51,568	11,367	23,292	10,189	3,262	115,023	48,523	277,398	24,283	630,060	1,524,690
Cache	9	266	223,764	274,008	140,866	28,527	81,914	35,366	16,318	17,547	93,369	211,886	62,267	103,862	93,708	1,460,542
Carbon	2	59	0	0	0	0	0	121,825	30,953	2,389	355,226	22,243	18,193	6,189	13,144	570,222
Daggett	1	16	0	0	0	0	0	0	0	2,337	0	0	23,500	57,189	36,697	129,419
Davis	18	643	73,363	256,424	223,267	111,543	243,774	382,198	71,179	148,725	62,674	134,562	130,552	141,728	46,040	2,207,155
Duchesne	5	146	22,926	76,176	20,774	24,684	13,122	41,632	7,319	76,518	0	49,719	41,242	238,013	30,695	682,101
Emery	3	103	82,379	32,961	83,281	8,032	29,143	50,376	23,305	7,079	6,044	6,793	12,759	200,526	8,739	575,693
Garfield	1	38	5,000	938	2,477	33,445	10,104	0	9,873	0	295	0	14,785	11,640	10,168	110,728
Grand	4	115	6,812	43,012	2,938	2,947	60,804	714	30,145	19,438	48,608	21,713	2,336	132,173	8,620	382,798
Iron	4	138	911	289,361	128,551	14,643	2,917	8,793	96,256	4,339	19,653	70,042	95,048	19,121	1,700	793,396
Juab	2	49	0	41,000	67,707	5,631	22,838	17,236	172,902	5,501	16,155	33,471	14,661	584	8,595	406,471
Kane	2	60	0	0	7,777	6,992	4,493	0	135,261	4,143	22,024	14,790	28,992	38,801	2,000	287,912
Millard	2	146	0	2,669	21,738	90,408	40,832	8,821	99,179	22,767	42,468	10,134	40,487	29,980	15,611	446,414
Morgan	4	10	0	0	0	0	0	0	0	0	0	0	0	43,633	2,219	43,621
Piute	1	4	0	0	0	0	7,174	0	0	0	0	6,875	20,000	0	0	34,053
Rich	2	14	777	800	1,630	5,788	1,947	0	10,407	290,000	849	0	480	16,000	0	328,694
San Juan	6	151	52,355	21,010	8,957	58,771	19,226	5,522	94,754	40,475	27,928	40,922	4,017	482,415	12,084	997,269
Sanpete	5	101	79,147	15,711	17,474	117,040	5,299	1,776	2,075	28,068	32,904	17,424	26,932	1,006	21,145	377,977
Sevier	6	101	7,604	8,879	22,863	7,316	2,837	14,415	16,907	1,530	14,861	2,434	223,746	41,358	43,546	415,381
Tooele	5	108	42,882	215,726	75,689	29,067	0	0	0	0	0	0	0	41,467	241,546	646,489
Uintah	11	190	185,199	39,623	202,953	46,706	61,641	84,256	40,240	61,638	6,349	84,110	267,791	89,022	60,969	1,302,642
Utah	30	560	154,286	125,687	191,225	152,602	134,502	214,695	301,890	104,271	111,597	370,515	26,186	271,193	310,364	2,710,717
Wasatch	10	111	15,946	17,620	160,236	53,121	74,388	357,315	3,649	181,369	14,758	32,988	178,249	55,533	33,835	1,226,287
Washington	12	287	165,231	64,911	112,514	53,944	41,792	7,024	169,317	159,102	14,761	53,525	41,890	101,028	32,046	1,348,898
Wayne	2	14	1,202	0	202	0	23,831	569	23,849	0	0	0	55,786	0	300	106,400
Weber	13	272	0	0	0	0	0	39,412	437,888	512,219	532,488	67,585	229,908	475,798	56,912	2,352,495
Bear River	0	1	0	0	0	0	0	0	0	0	0	0	0	1,692	0	1,692
Central	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	3,312
TriCounty	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	16,164
Weber-Morgan	0	4	0	0	0	0	0	0	0	0	0	0	0	978	2,106	3,088
Total	168	4,015	1,129,196	1,682,947	1,554,228	924,589	1,269,357	1,508,033	1,673,565	1,178,127	2,124,489	1,684,795	2,148,069	2,152,956	1,735,964	21,678,979

UTAH COUNTIES INSURANCE POOL Multiline Claims Report All Years as of 9/30/05

Premiums																	Loss Ratio
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Total			
52,448	59,488	62,415	58,398	59,350	57,972	60,076	62,378	65,378	69,954	68,196	70,907	70,907	60,785	878,651	21.20%		
147,397	154,421	161,435	171,728	205,051	199,334	192,759	173,386	169,078	167,505	164,987	160,800	163,471	164,995	2,396,347	63.63%		
141,388	148,126	155,132	182,941	217,715	222,812	217,311	201,590	194,768	194,552	187,070	198,194	211,900	198,563	2,672,062	54.66%		
0	0	0	0	0	0	19,538	78,156	77,154	82,555	95,953	111,413	119,539	137,757	722,065	78.97%		
0	0	0	0	0	0	0	0	39,500	36,735	36,653	41,250	41,793	40,545	236,476	54.73%		
203,457	213,153	222,835	256,907	281,131	301,205	314,277	323,357	345,992	370,211	431,197	430,230	430,230	367,700	4,493,882	49.11%		
89,256	93,510	97,757	91,464	95,455	98,610	99,079	99,203	104,173	111,465	114,153	94,179	119,029	119,255	1,426,587	47.81%		
180,429	189,028	197,613	223,434	227,427	218,543	207,432	190,885	177,523	165,096	158,320	163,980	163,980	158,062	2,621,752	21.96%		
47,724	49,998	52,269	59,711	64,768	69,109	66,532	62,825	64,368	64,364	64,670	68,171	68,171	59,922	862,602	12.84%		
74,960	78,532	82,099	86,330	87,925	93,663	92,749	86,681	83,415	81,599	81,159	92,354	92,354	91,290	1,205,110	31.76%		
101,817	106,669	111,514	130,435	168,363	166,260	159,345	147,452	143,039	140,837	138,724	138,399	151,767	153,363	1,957,984	40.52%		
0	7,091	66,963	76,026	82,413	87,377	86,154	82,601	88,383	94,570	103,685	115,543	121,785	107,247	1,119,838	36.30%		
30,904	65,070	69,654	65,171	66,234	64,211	61,361	55,592	58,795	62,911	68,292	75,166	80,309	74,072	897,743	32.07%		
0	93,012	97,237	90,977	92,461	94,236	97,684	98,702	105,566	112,956	129,444	145,870	145,870	138,163	1,442,179	30.95%		
0	0	0	0	0	0	0	0	0	0	0	55,504	55,504	48,361	159,370	27.37%		
13,802	14,460	15,116	14,144	14,375	15,436	16,688	17,502	18,727	20,038	21,479	24,950	24,950	22,232	253,899	13.41%		
35,000	36,668	38,333	35,866	36,451	38,797	38,492	36,229	35,251	37,073	36,931	42,009	44,138	44,226	535,464	61.38%		
85,264	89,327	93,384	106,680	108,595	115,861	120,895	126,700	133,907	143,280	149,915	165,655	165,655	149,487	1,754,605	56.84%		
72,363	75,812	79,255	90,537	101,226	97,316	92,364	86,520	83,655	80,766	79,315	82,776	82,776	61,977	1,166,657	32.40%		
70,103	73,444	76,780	71,836	73,007	79,236	74,564	71,331	70,543	73,361	74,030	81,720	84,987	83,927	1,058,870	39.23%		
161,445	169,139	176,821	203,375	0	0	0	0	0	0	0	0	182,679	182,679	1,076,138	60.07%		
95,690	100,250	104,804	124,631	161,373	172,929	181,084	190,368	182,821	189,386	184,522	184,482	184,482	187,388	2,244,211	58.04%		
183,749	197,906	207,163	238,272	274,562	303,934	317,837	323,894	346,567	370,827	414,951	466,001	490,563	442,324	4,578,550	59.20%		
73,708	77,242	80,750	91,302	108,024	116,718	122,586	126,649	125,797	134,603	158,244	178,120	178,120	197,895	1,769,758	69.29%		
124,196	130,115	136,025	158,044	193,030	195,913	201,767	180,979	176,172	176,543	183,409	234,403	241,739	230,845	2,563,179	52.63%		
24,441	33,623	35,549	33,261	33,803	36,176	37,696	39,475	40,968	41,209	39,014	40,448	42,293	40,408	518,364	20.53%		
0	0	0	0	0	0	131,874	219,831	235,219	231,684	392,513	451,062	451,062	518,721	2,651,967	88.71%		
0	0	0	0	0	0	0	0	0	0	0	8,979	17,957	17,957	44,893	3.77%		
0	0	0	0	0	0	0	0	0	0	0	5,333	10,785	10,785	26,963	12.28%		
0	0	0	0	0	0	0	0	0	0	0	4,629	8,500	8,500	21,629	74.73%		
0	0	0	0	0	0	0	0	0	0	0	7,405	14,810	14,810	37,025	8.34%		
2,009,541	2,256,084	2,420,903	2,663,470	2,752,739	2,845,648	3,010,144	3,082,286	3,166,759	3,274,080	3,576,825	3,939,994	4,262,104	4,134,242	43,394,819	49.96%		



Utah Counties Insurance Pool
Serving Counties Since 1992

FINANCIAL STATEMENTS

Month Ending September 30, 2005

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions of the Utah Counties Insurance Pool as of 09/30/05 and accompanying notes to basic financial statements.

Sonya White
Manager of Administration
801-293-3098
sonya@ucip.utah.gov

Reviewed this 17 day of October, 2005

By: Lester Nixon

UTAH COUNTIES INSURANCE POOL

Balance Sheet

September 30, 2005 and 2004

	2005	2004
ASSETS		
Current Assets		
Cash & Cash Equivalents		
PTIF	69,236.75	1,540,579.34
UBS Securities	14,107.22	0.00
Expense	-18,364.31	21,995.93
Claims	5,581.51	4,794.83
HRA	5,032.11	6,420.08
WF Restricted	42,429.78	13,956.64
WF Securities	71,376.84	174,497.25
WC Expense	30,784.59	7,443.34
WC Claims	9,545.19	17,845.82
Total Cash	229,729.68	1,787,533.23
Receivables		
Accounts Receivable	269.98	382.98
Total Receivables	269.98	382.98
Investments		
Restricted	1,113,904.27	1,113,202.78
Restricted CRL Capital	284,654.00	201,707.00
Unrestricted/Short-Term	8,493,343.41	6,906,144.00
Total Investments	9,891,901.68	8,221,053.78
Fixed Assets		
Capital	121,809.08	95,217.34
Depreciation	-44,562.00	-9,434.07
Total Fixed	77,247.08	85,783.27
Total Assets	10,199,148.42	10,094,753.26
LIABILITIES		
Current Liabilities		
IBNR Reserves	2,311,236.00	1,545,637.00
Loss Reserves	1,037,991.81	1,611,114.53
Payroll Liabilities	-97.36	2,616.38
Sick Leave Payable	16,634.63	18,733.00
Vacation Payable	7,875.15	4,228.00
Total Current	3,373,640.23	3,182,328.91
Equity		
Restricted Building	114,470.00	91,576.00
Restricted Automobile	15,094.00	48,420.00
Unrestricted	6,695,944.19	6,772,428.35
Total Long Term	6,825,508.19	6,912,424.35
Total Liabilities	10,199,148.42	10,094,753.26

CASH BASIS

UTAH COUNTIES INSURANCE POOL
Multiline Budget to Actual Comparison
For the Month Ending September 30, 2005

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
Revenue				
Premiums Written	4,176,336.00	4,176,336.00	0.00	100.00%
Risk Management Program Credit	-156,550.00	-156,549.00	1.00	100.00%
Investment Income	300,000.00	316,271.38	16,271.38	105.42%
Total Revenue	4,319,786.00	4,336,058.38	16,272.38	100.38%
Losses and Loss Expenses				
Losses	2,397,344.00	1,250,819.45	-1,146,524.55	52.18%
Reinsurance	1,036,971.00	1,036,971.16	0.16	100.00%
Total Loss Expenses	3,434,315.00	2,287,790.61	-1,146,524.39	66.62%
Administration Expenses				
Accounting	6,700.00	210.20	-6,489.80	3.14%
Actuarial Analysis	4,000.00	2,000.00	-2,000.00	50.00%
Capitalization Costs - CRL	55,660.00	55,660.00	0.00	100.00%
Total Administration	66,360.00	57,870.20	-8,489.80	87.21%
Total Losses and Expenses	3,500,675.00	2,345,660.81	-1,155,014.19	67.01%
Transfer to Administration Budget	819,111.00	614,333.25	-204,777.75	75.00%
Equity / Reserves				
Automobile	15,094.00			
Building Debt Service	86,300.00			
Building Repairs & Replacement	28,170.00			
Capital (CRL)	205,245.00			
Total Designated Reserves	334,809.00			

Note:
This year is 75.00% complete

CASH BASIS

UTAH COUNTIES INSURANCE POOL
Workers' Compensation Budget to Actual Comparison
For the Month Ending September 30, 2005

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
Revenue				
Premiums Written	1,627,209.00	1,651,414.00	24,205.00	101.49%
Investment Income	12,000.00	9,000.00	-3,000.00	75.00%
Total Revenue	1,639,209.00	1,660,414.00	21,205.00	101.29%
Losses and Loss Expenses				
Losses	975,511.00	201,494.52	-774,016.48	20.66%
Reinsurance	269,022.00	269,022.00	0.00	100.00%
Third Party Administrator	150,000.00	103,235.20	-46,764.80	68.82%
Total Loss Expenses	1,394,533.00	573,751.72	-820,781.28	41.14%
Administration Expenses				
Accounting	8,000.00	210.20	-7,789.80	2.63%
Actuarial Analysis	4,000.00	2,000.00	-2,000.00	50.00%
Capitalization Costs - CRL	27,287.00	27,287.00	0.00	100.00%
Self-Insurer's Bond	37,500.00	37,500.00	0.00	100.00%
Self-Insurer's Tax	0.00	0.00	0.00	0.00%
Total Administration	76,787.00	66,997.20	-9,789.80	87.25%
Total Losses and Expenses	1,471,320.00	640,748.92	-830,571.08	43.55%
Transfer to Administration Budget	167,889.00	125,916.75	-41,972.25	75.00%
Equity / Reserves				
Capital (CRL)	79,409.00			
Total Equity	79,409.00			

Note:

This year is 75.00% complete

CASH BASIS

UTAH COUNTIES INSURANCE POOL Administration Budget to Actual Comparison For the Month Ending September 30, 2005

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
Transfers				
Multiline	819,111.00	614,333.25	-204,777.75	75.00%
Workers' Compensation	167,889.00	125,916.75	-41,972.25	75.00%
Total Transfers	987,000.00	740,250.00	-246,750.00	75.00%
Administration Expenses				
Automobile Expense	9,500.00	6,198.78	-3,301.22	65.25%
Automobile Reserve	25,000.00	8,406.00	-16,594.00	33.62%
Bank Charges	300.00	0.00	-300.00	0.00%
Board Expense	40,000.00	26,107.18	-13,892.82	65.27%
Building Maintenance & Repairs	25,000.00	4,944.44	-20,055.56	19.78%
Consulting Fee	60,000.00	100,000.00	40,000.00	166.67%
Copying Costs	1,200.00	1,051.53	-148.47	87.63%
Dues / Subscriptions	4,500.00	4,009.63	-490.37	89.10%
Exhibiting & Sponsorship	17,500.00	8,360.46	-9,139.54	47.77%
Fees & Licensing	1,200.00	0.00	-1,200.00	0.00%
Incentives	7,000.00	2,372.66	-4,627.34	33.90%
Information Technology	25,000.00	12,307.49	-12,692.51	49.23%
Land Use Hotline	25,000.00	1,322.61	-23,677.39	5.29%
Lease Purchase	70,000.00	0.00	-70,000.00	0.00%
Lobbying & Legislative Tracking	10,000.00	10,000.00	0.00	100.00%
Loss Control / Training	40,000.00	23,347.46	-16,652.54	58.37%
Office Equipment	7,000.00	868.65	-6,131.35	12.41%
Office Insurance	5,116.00	5,492.00	376.00	107.35%
Office Supplies	7,500.00	5,715.99	-1,784.01	76.21%
Postage	3,000.00	2,060.32	-939.68	68.68%
Printing	5,000.00	1,074.26	-3,925.74	21.49%
Professional Fees	22,661.00	19,475.06	-3,185.94	85.94%
Staff Expenses	35,000.00	25,071.91	-9,928.09	71.63%
Staff Medical Insurance	70,497.00	64,441.21	-6,055.79	91.41%
Staff Payroll Expenses	26,911.00	23,144.51	-3,766.49	86.00%
Staff Retirement	69,630.00	65,646.03	-3,983.97	94.28%
Staff Salaries	367,485.00	272,588.66	-94,896.34	74.18%
Telephone	6,000.00	4,272.61	-1,727.39	71.21%
Total Administration	987,000.00	698,279.45	-288,720.55	70.75%

Note:

This year is 75.00% complete

UTAH COUNTIES INSURANCE POOL

Notes to Basic Financial Statements

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

Investments

Investments are comprised of various U.S. Government securities. Investments in U.S. Government securities for September 30, 2005 and 2004 consisted of held-to-maturity securities.

Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investment in County Reinsurance, Limited (CRL) is valued using the equity method of accounting. Under the equity method, the Pool recognizes its share in the net earnings or losses of the company as they occur rather than as dividends are received.

Restricted Investments

The investment that is restricted for Workers' Compensation is a bond that is pledged for the Workers' Compensation self-insurers' bond that the Pool was required to post with the Labor Commission to receive their self-insurers' permit.

The investment that is restricted for CRL is equity in CRL that the Pool may not access until it has been a member of CRL for at least five years. The Pool's membership in CRL began January 1, 2004. The equity is capital that CRL is required to maintain under Vermont law.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable. The amounts accrued as of September 30, 2005 and 2004 was **\$24,509.78** and **\$22,961.00**, respectively.

Investments in Utah Public Treasurers' Investment Fund (PTIF)

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$69,236.75** and \$1,540,579.34 as of September 30, 2005 and 2004, respectively.

Reinsurance

The Pool has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention up to an aggregate loss limit. The Pool has purchased reinsurance to protect against losses above these limits.

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Pool's policyholder surplus.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

Statutory Limits – Workers' Compensation

Effective 2004, the Pool reinsures Workers' Compensation to statutory limits about the \$300,000 self-insured retention. County Reinsurance, Limited (CRL) provides a layer of coverage \$1,700,000 excess of \$300,000 self-insured retention. Safety National reinsures to statutory limits above the \$2,000,000 provided by CRL.

Contingencies

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

Investments

The carrying amounts of investments and their fair values at September 30, 2005 and 2004 were as follows:

	2005			
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government Bonds	\$ 6,430,495	\$ 46,810	\$ (124,664)	\$ 6,352,641
Restricted Government Bonds	\$ 1,113,904	\$ -	\$ (14,514)	\$ 1,099,390
Restricted Equity Investment	\$ 284,654	\$ -	\$ -	\$ 284,654
Total Investments	\$ 7,829,054	\$ 46,810	\$ (139,179)	\$ 7,736,685

	2004			
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government Bonds	\$ 6,091,211	\$ 7,943	\$ (36,467)	\$ 6,062,687
Restricted Government Bonds	\$ 1,113,283	\$ -	\$ (2,810)	\$ 1,110,473
Restricted Equity Investment	\$ 201,707	\$ -	\$ -	\$ 201,707
Total Investment	\$ 7,406,201	\$ 7,943	\$ (39,277)	\$ 7,374,867

AGENDA ITEM SUMMARY

Item Description

Authorize the CEO to execute the General Release between UCIP and Arthur J. Gallagher.

Background, Discussion

Arthur J. Gallagher has entered into an agreement with the Attorney General of the State of Illinois to settle issues related to the issuance of contingent commissions. Gallagher collected contingent commissions from St. Paul, our property reinsurer, for the 2003 and 2004 policy years.

If UCIP executes the release, UCIP will give up the right to any claim against Gallagher, including the federal class action pending in New Jersey.

Recommendation

Staff recommends authorizing the CEO to execute the Release.



Arthur J. Gallagher & Co.

September 30, 2005

069287 T275 ***AUTO** MIXED AADC 601

Utah Counties Insurance Program

Lester Nixon

5397 S Vine St

Salt Lake Ct. UT 84107-6757

|||||

Dear Gallagher Client:

As you may be aware, on May 18, 2005 Arthur J. Gallagher & Co. entered into an agreement (the Agreement) with the Illinois Division of Insurance and the Illinois Attorney General to resolve issues related to our receipt of contingent commissions. Under the terms of that agreement, Gallagher will establish a Fund in which you are eligible to participate. The amount for which you are eligible under the Fund is \$8,140.87. A statement showing how the amount was determined is attached. Additional information on the Fund is enclosed with this letter, which I encourage you to review carefully before deciding whether or not to participate. The press release we issued at the time of the agreement is available for your review on our Web site, www.ajg.com.

If you decide to participate in the Agreement, you will receive payments from Gallagher from the Fund, but you will give up any right you may have to pursue your own claim against Gallagher and to seek money from Gallagher including any claim you may have against Gallagher in the putative federal class action pending in New Jersey, as described in the information statement accompanying this letter above and beyond what you are allocated from the Fund.

In order to participate in the Agreement and receive the settlement amount set forth above, you need only fill out the enclosed release form and send it to Gallagher. No other action is required. **You may return this form by December 31, 2005. If you do nothing (that is, if you do not send Gallagher the enclosed release), you will not receive any money from the Fund.**

Please read the enclosed information carefully, and if you have any additional questions, please contact your account executive. We would like to once again thank you for your business and your support as we work to put this matter behind us.

If you have any questions about the Agreement, you may visit our Web site, www.ajg.com or call your account executive.

Sincerely,

J. Patrick Gallagher
President and Chief Executive Officer

Enclosure

The Gallagher Centre
Two Pierce Place
Itasca, IL 60143-3141
www.ajg.com

069287

STATEMENT

Policyholder: Utah Counties Insurance Program
Address: 5397 S Vine St
Salt Lake Ct. UT 84107-6757

Business Unit	Insurance Company	Policy #	Year	Premium/Fee	Retail Contingent Commission or Override Revenue Recorded by Gallagher	Distribution to Policyholder
AJGRMS	Gulf Insurance Company	CGL0484034	2002	\$3,280.00	\$19.63	\$6.23
AJGRMS	St. Paul Travelers Companies	KTKFAC123D178302	2003	\$1,964.00	\$37.34	\$11.85
AJGRMS	St. Paul Travelers Companies	KTKFAC123D178303	2003	\$615,244.00	\$11,696.11	\$3,713.43
AJGRMS	St. Paul Travelers Companies	KTKFAC123D178304	2004	\$725,473.00	\$13,888.04	\$4,409.36
Total:						\$8,140.87



Information Covering
The Assurance of Voluntary Compliance and Stipulation and Consent

On May 18, 2005, Arthur J. Gallagher & Co. ("Gallagher") entered into an Assurance of Voluntary Compliance ("AVC") with the Illinois Attorney General, and Stipulation and Consent ("Stipulation") with the Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation (the "Illinois Authorities").

The AVC and Stipulation involve no fines or penalties and Gallagher admits no wrongdoing or liability. No suit was filed by the Illinois Authorities, nor were there any findings of bid rigging, price fixing or fraud by Gallagher.

The full text of the AVC and Stipulation are available for your review on our website, ajg.com

As part of the AVC and Stipulation, Gallagher will create a fund in the amount of \$26,962,500 for distribution to eligible policyholders (the "Fund").

Under the AVC and Stipulation, Gallagher was required to calculate, in accordance with a formula approved by the Illinois Authorities, the amount of money each of the eligible policyholder clients who retained Gallagher to place, renew, consult on or service insurance with inception or renewal dates between January 1, 2002 through December 31, 2004 is eligible to receive. The formula allocates the \$26,962,500 Fund among eligible policyholders according to the proportion of contingent commissions (if any) Gallagher earned related to the placement of their programs.

The enclosed Distribution Statement sets forth the payment from the Fund to which you are entitled based on a calculation method approved under the AVC and Stipulation. The decision whether or not to participate in the Fund distribution is entirely voluntary.

How to Participate

You have until December 31, 2005 to request a distribution from the Fund. If you elect to receive a cash distribution, you must sign and return the enclosed Release Form, which was approved by the Illinois Authorities. If you accept a distribution and sign a Release Form, you will not be able to pursue Gallagher for claims covered by the AVC and Stipulation including those raised in a putative class action against Gallagher and other companies that is currently pending in the District Court of New Jersey entitled In Re: Insurance Brokerage antitrust Litigation, Civil No. 04-5184 (FSH), MDL No. 1663, or any other pending actions. These actions assert numerous violations of federal and state statutory and common law and seek various forms of damages and other relief on behalf of policyholders.

For More Information

If you have questions about the AVC or Stipulation, please call your account executive.

Enclosed with this mailing are the Release Form, your Distribution Statement, and the return envelope for the Release Form.

Thank you.

GENERAL RELEASE

This RELEASE (the "Release") is executed this _____ day of _____, 2005 by RELEASOR (defined below) in favor of RELEASEE (defined below).

DEFINITIONS

"RELEASOR" refers to Utah Counties Insurance Program and any of its affiliates, subsidiaries, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers acting on behalf of RELEASOR.

"RELEASEE" refers to Arthur J. Gallagher & Co. and any of its subsidiaries, affiliates, associates, general or limited partners or partnerships, predecessors, successors, or assigns, including, without limitation, any of their respective present or former officers, directors, trustees, employees, agents, attorneys, representatives and shareholders, affiliates, associates, general or limited partners or partnerships, heirs, executors, administrators, predecessors, successors, assigns or insurers (collectively, "Gallagher").

"Assurance" refers to a certain Assurance of Voluntary Compliance between Gallagher and the Attorney General of the State of Illinois ("ILAG") and the Director of Insurance of the State of Illinois ("Director") dated May 18, 2005, relating to an investigation commenced against Gallagher by ILAG and Director.

RELEASE

In consideration for the total payment of \$8,140.87 in accordance with the terms of the Assurance, RELEASOR does hereby fully release, waive and forever discharge RELEASEE from any and all claims, demands, debts, rights, causes of action or liabilities whatsoever, including known and unknown claims, now existing or hereafter arising, in law, equity or otherwise, whether under state, federal or foreign statutory or common law, and whether possessed or asserted directly, indirectly, derivatively, representatively or in any other capacity to the extent any such claims are based upon, arise out of or relate directly or indirectly to, in whole or in part, any of the allegations, acts, omissions, transactions, events, types of conduct or matters that are the subject of the Attorney General's Investigation and Director's Investigation as those investigations are defined in the Assurance ("Released Claims"), except for claims which are based upon, arise out of or relate to the purchase or sale of Gallagher securities.

Waiver of Section 1542 of the California Civil Code. Releasor acknowledges that they may have sustained or may yet sustain damages, costs or expenses that are presently unknown and that relate to claims between Releasor, or any of them, and the Releasee. Releasor expressly waives and relinquishes all rights and benefits which they may have under any state or federal statute or common-law principle that would otherwise limit the effect of this Release to claims known or suspected prior to the date they sign this Release, including but not limited to the protections afforded by statutes such as Section 1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance and consequences of such specific waiver. Section 1542 of the California Civil Code provides that:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Thus, for the purpose of implementing a full and complete release and discharge of the Releasee and Released Claims, Releasor and each of them expressly acknowledge that this Release is intended to include in its effect, without limitation, all claims which they do not know or suspect to exist in their favor at the time of execution hereof and that this Release contemplates the extinguishment of any such claim or claims. Releasor and each of them hereby represent and warrant that they understand the effect of this waiver of said Civil Code section.

In the event that the total payment referred to herein is not made for any reason, then this RELEASE shall be deemed null and void, provided that any payments received by RELEASOR shall be credited to Gallagher in connection with any claims that RELEASOR may assert against Gallagher, or that are asserted on behalf of RELEASOR or by a class of which RELEASOR is a member, against Gallagher.

This RELEASE may not be changed orally and shall be governed by and interpreted in accordance with the internal laws of the State of Illinois, without giving effect to choice of law principles, except to the extent that federal law requires that federal law governs. Any disputes arising out of or related to this RELEASE shall be subject to the exclusive jurisdiction of the Circuit Court of Cook County, Illinois or, to the extent federal jurisdiction exists, the United States District Court for the Northern District of Illinois.

Releasor represents and warrants that the claims have not been sold, assigned or hypothecated in whole or in part, that the Releasor has either had the opportunity to have this Release reviewed by legal counsel or voluntarily decided to forego such legal advice, and that this Release is being freely and voluntarily entered into and signed by Releasor.

DATED: _____

RELEASOR: _____

BY: _____

PRINT NAME: _____

TITLE: _____

AGENDA ITEM SUMMARY

Item Description

Approve revised Joint Policy for Board Travel Expenses

Background, Discussion

Board Policy as currently written does not require Trustees to actually attend meetings, even though an expense reimbursement may be requested. The new second paragraph requires Trustees to be in attendance for at least two-thirds of the time meetings are in session, or be excused by the Board, in order to be eligible for expense reimbursement.

The new third paragraph clarifies expense responsibility when UCIP “piggybacks”, i.e., schedules a meeting to take advantage of a meeting scheduled by another group, and vice versa.

Recommendation

Staff recommends approval.



Utah Counties Insurance Pool
Serving Counties Since 1992

JOINT POLICY BOARD TRAVEL EXPENSES

Article 5, Section 11, of the UCIP Bylaws states: "To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board."

BOARD TRAVEL EXPENSES

Members of the UCIP Board of Trustees (Board) will be reimbursed for reasonable and approved expenses incurred in attending Board meetings and in otherwise carrying out their responsibilities. UCIP will reimburse Trustees for travel by private vehicle at the rate currently allowed by the Internal Revenue Service, as well as for lodging and meals at actual cost, within the guidelines for travel and expense reimbursement adopted by the State of Utah Department of Finance.

Trustees who miss more than one-third of a meeting or retreat must be excused by the Board of Trustees in order to be reimbursed for expenses.

From time to time, UCIP may schedule Board of Trustees meetings to coincide with other meetings at which some or all Trustees may be in attendance, and other organizations may take advantage of UCIP scheduled meetings. In the first instance, if Trustees receive expense reimbursement from the original scheduler or from their county, UCIP would be billed only for incidentals incurred by the UCIP meeting. In the second instance, UCIP would reimburse in the manner stated in this policy.

Trustees may attend up to two of the three following annual out-of-state trainings: the AGRIP Spring Conference, PRIMA National Conference, and the AGRIP Fall Governance Conference. UCIP will directly pay registration, airfare and hotel expenses for Trustees arranging travel through the UCIP office. Receipts for meals, lodging, parking, airfare, and other reimbursable expenses are required. A written statement by the Trustee will be required in place of a lost receipt. The Board may also by resolution designate other training as appropriate and reimbursable for Trustees.

Expenses for spouses who accompany Trustees to UCIP meetings or to approved out-of-state training are the responsibility of the Trustee. UCIP will invoice Trustees for any spouse expenses paid by UCIP. However, there will be no charge for spouses attending the UCIP Annual Membership meeting functions and at business meals hosted by the Chief Executive Officer.

TIMELINESS

Requests for reimbursement shall be submitted within 60 days of completion of trip.

Adopted 06/03/04

Utah Counties Insurance Pool

Payments

September 24 - November 1, 2005

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Check	9/26/2005	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-318.75
Check	9/26/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-2,605.48
Check	9/26/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-3,520.20
Check	9/26/2005	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-993.13
Liability Check	9/29/2005		QuickBooks Payroll Service	Created by Payroll Service on 09/27/2005	-SPLIT-	
Paycheck	9/30/2005		Brody S. Parker	Direct Deposit	-SPLIT-	-11,040.59
Paycheck	9/30/2005		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2005		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2005		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2005		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2005		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	9/30/2005		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	9/30/2005		United States Treasury	87-0495792	-SPLIT-	0.00
Liability Check	9/30/2005		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-3,722.48
Liability Check	10/14/2005		QuickBooks Payroll Service	Created by Payroll Service on 10/14/2005	-SPLIT-	-2,926.44
Paycheck	10/15/2005		Brody S. Parker	Direct Deposit	-SPLIT-	-10,977.66
Paycheck	10/15/2005		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2005		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2005		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2005		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2005		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	10/15/2005		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	10/20/2005	3073	Utah State Tax Commission	Z68319	-SPLIT-	0.00
Liability Check	10/20/2005	3074	Utah Retirement Systems	Unit No: 864 (Sept 2005)	-SPLIT-	-4,427.25
Check	10/20/2005	3075	PEHP-LTD	Coverage Period: April 2005	-SPLIT-	-7,234.37
Check	10/20/2005	3076	FedEx	Invoice Number: 3-131-94419	-SPLIT-	-188.14
Check	10/20/2005	3077	UT Division Corporations Commercial Code	Entity Number: 1146328-0140	-SPLIT-	-20.56
Check	10/20/2005	3078	Verizon Wireless	Invoice Number: 1979993822	-SPLIT-	-7.00
Check	10/20/2005	3079	Verizon Wireless	Invoice Number: 1982930734	-SPLIT-	-65.66
Check	10/20/2005	3080	Verizon Wireless	Invoice Number: 1982930733	-SPLIT-	-80.35
Check	10/20/2005	3081	Verizon Wireless	Invoice Number: 1983231341	-SPLIT-	-40.87
Check	10/20/2005	3082	Christensen & Jensen	Invoice Number: 41340	-SPLIT-	-38.38
Check	10/20/2005	3083	Suiter Axland	Invoice Numbers: 1269240, 1269921	-SPLIT-	-36.00
Check	10/20/2005	3084	The Homestead	Group ID 4547XH	-SPLIT-	-234.00
Check	10/20/2005	3085	Jelly Belly Candy Company	Invoice Number: A16655	-SPLIT-	-343.15
Check	10/20/2005	3086	Utah Safety Council	Invoice Number: 00597	-SPLIT-	-469.25
Check	10/20/2005	3087	Qwest	Account Number: 801-293-3098-606B	-SPLIT-	-318.00
Check	10/20/2005	3088	Utah State Board of CLE	Application for Accreditation of CLE Activity	-SPLIT-	-296.40
Check	10/20/2005	3089	Steve Baker	Mileage Reimbursement	-SPLIT-	-175.00
Check	10/20/2005	3090	Kent Sundberg	Mileage Reimbursement	-SPLIT-	-59.23
Check	10/20/2005	3091	Steven Wall	Mileage/Airfare Reimbursement	-SPLIT-	-28.80
Check	10/20/2005	3092	Brody S. Parker	Expense Reimbursement	-SPLIT-	-443.74
Check	10/20/2005	3093	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-75.00
Check	10/20/2005	3094	Office Depot	Account Number: 35538769	-SPLIT-	-333.62
Check	10/20/2005	3095	Huddard Floral Company	Account Number: 202251	-SPLIT-	-365.07
Check	10/24/2005	3096	Utah Association of Counties	Invoice Number: 803 (Second Quarter)	-SPLIT-	-31.95
Check	10/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-59,721.40
Check	10/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-324.94
Check	10/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-3,461.14
Check	10/28/2005	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-948.33
Check	10/28/2005	3097	iLinc Communications	Statement Number: 1043405	-SPLIT-	-712.17
Check	11/1/2005	3098	Marsh USA Risk & Insurance Services	Invoice Number: 326965	-SPLIT-	-1.24
Liability Check	11/1/2005	3099	Utah Local Governments Trust	Customer Number: 1576.0 (NOV)	-SPLIT-	-465.00
Check	11/1/2005	3100	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2005-116	-SPLIT-	-6,348.82
Check	11/1/2005	3101	AGRIP	Invoice Number: 05G-00301	-SPLIT-	-2,000.00
Check	11/1/2005	3102	Marsh USA Risk & Insurance Services	TULIP Third Quarter	-SPLIT-	-3,435.00
Check	11/1/2005	3103	Marsh USA Risk & Insurance Services	Invoice Number: 326871	-SPLIT-	-2,340.00
Check	11/1/2005	3104	Marsh USA Risk & Insurance Services	Invoice Number: 326879	-SPLIT-	-198.00
Check	11/1/2005	3105	FedEx	Invoice Number: 5-598-84486	-SPLIT-	-59,000.00
Total WF-Expense						-8.20
						-190,380.76
WF-Work Comp Expense						
Check	10/14/2005	0072	BRF - Alternative Service Concepts	Voucher Number: 1882	Third Party Administrator ...	-2,355.93
Check	11/1/2005	73	Pleiffer Consulting Group, LLP	Invoice Number: 6	Professional Fees	-1,000.00
Check	11/1/2005	74	Pleiffer Consulting Group, LLP	Invoice Number: 6	Professional Fees	-1,500.00
Check	11/1/2005	75	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2005-117	Actuarial Analysis WC	-2,000.00
Check	11/1/2005	76	Blackburn & Stoll, LC	Statement No: 82650	Loss Control / Training	-2,633.50
Check	11/1/2005	77	Alternative Service Concepts, LLC	Invoice Number: 0010166-IN	Third Party Administrator ...	-18,999.99
Total WF-Work Comp Expense						-28,489.42
TOTAL						-218,870.18

